

EXTENSION OF AND SECOND AMENDMENT TO
STRATEGIC PARTNERSHIP AGREEMENT BETWEEN
THE CITY OF AUSTIN AND
TANGLEWOOD FOREST LIMITED DISTRICT

This Extension of and Second Amendment to Strategic Partnership Agreement between the City of Austin and Tanglewood Forest Limited District ("Extension and Second Amendment") is entered into by and between the City of Austin ("City") and Tanglewood Forest Limited District ("Limited District") for the purposes set forth herein.

RECITALS

1. The City, the Tanglewood Forest Municipal Utility District ("MUD") and the Limited District entered into that certain Strategic Partnership between the City of Austin and the Tanglewood Forest Municipal Utility District for Annexation and Creation of a Limited District ("Agreement") effective December 22, 1997, to set forth the terms and conditions of the conversion of the MUD to the Limited District after full purpose annexation of the MUD's territory into the corporate limits of the City.

2. The approval and execution of the Agreement and the conversion of the MUD to the Limited District was accomplished in accordance with Section 43.0751 of the Texas Local Government Code ("Code").

3. The Agreement was amended effective February 28, 2000 by that certain First Amendment to Strategic Partnership Agreement between the City of Austin and Tanglewood Forest Limited District ("First Amendment") to increase Limited District authority to expend funds for parks and recreational improvements.

4. In accordance with the Code, the initial term of the Limited District was for a period of ten (10) years, which shall expire on December 31, 2007.

5. The City and the Limited District desire to extend and renew the Limited District, as provided for in the Code, for an additional ten (10) year period commencing on the expiration of the initial ten (10) year term on December 31, 2007, all in accordance with Section 43.0751 (f)(8) of the Code.

6. The City and the Limited District further desire to amend certain terms and conditions of the Agreement in addition to the extension and renewal of the Agreement, as amended.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained in this Extension and Second Amendment and other good and valuable consideration, the City and the Limited District agree as follows:

ARTICLE I.

Section 1.01. Extension and Renewal of the Limited District. The City and the Limited District agree that the Limited District shall be extended and renewed in accordance with Section 43.0751(f)(8) of the Code until December 31, 2017, unless dissolved earlier in accordance with the terms of the Agreement.

Section 1.02. Deletion of Solid Waste Pick-Up and Disposal. Paragraph 1 and 5 of Section 5.01 of the Agreement are hereby amended to delete from the District's functions and powers the power to provide residential and commercial solid waste pick-up and disposal. The City and the Limited District agree that as of October 1, 2007, the City shall commence residential and commercial solid waste pick-up and disposal in accordance with existing City policies and fees for such services. The City shall deliver customer carts and information to the Limited District's customers prior to the commencement of such services by the City. The City agrees that it will not charge the Limited District customers the City's New Customer service fee of \$15.00 for initiation of service on October 1, 2007. The Limited District represents that it has given notice to its current solid waste collection and disposal provider that its contract for such services will terminate effective September 30, 2007 in accordance with the terms of the contract between the Limited District and its current solid waste collection and disposal provider.

Section 1.03. Recreation Facilities. Paragraph 8 of Section 5.01 is amended to provide that the Limited District may purchase necessary replacement recreational facilities up to \$25,000 per replacement or renovation without prior written approval of the City.

Section 1.04. Addition of Greenbrier Park. In accordance with the First Amendment, there is hereby incorporated as Exhibit "A" to this Extension and Second Amendment the property description of the Limited District's additional park, Greenbrier Park, previously approved by the City's representative. Exhibit "A" shall be considered an attachment to Exhibit "B" of the Agreement.

ARTICLE II.

Section 2.01. Effective Date. This Extension and Second Amendment shall be effective as of the last date of execution by one of the parties.

Section 2.02. Continuation of Agreement. Except as herein amended, all other terms and conditions of the Agreement, as amended by the First Amendment, remain in effect.

Section 2.03. Recordation of Agreement. The Limited District agrees that it will record a copy of this Extension and Second Amendment in the Official Records of Travis County, Texas within thirty (30) days of the effective date.

CITY OF AUSTIN

By: _____
Name: _____
Title: _____

TANGLEWOOD FOREST LIMITED
DISTRICT

By: _____
Joseph S. Babb
President, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this ____ day of _____, 2007, by
_____, _____ of the City of Austin, on behalf of the City.

(Seal)

Notary Public Signature

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was executed before me on this ____ day of _____, 2007 by
Joseph S. Babb, President of the Board of Directors of Tanglewood Forest Limited District, on behalf of
the District.

(seal)

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

Sharlene N. Collins
Armbrust & Brown, L.L.P.
100 Congress Avenue, Suite 1300
Austin, Texas 78701